



SOUTH CAROLINA

LOCAL GOVERNMENT INVESTMENT POOL

Curtis M. Loftis, Jr., Treasurer

Administered by South Carolina State Treasurer's Office

TREASURER'S MESSAGE



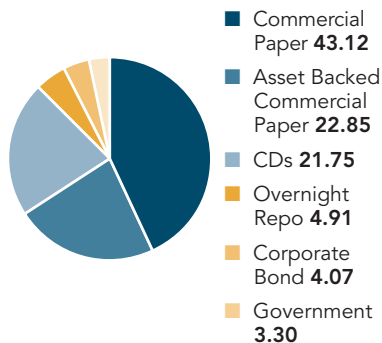
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Treasurer

The Federal Reserve trimmed interest rates by a half-percentage-point in September. As we potentially enter a lowering and gradual easing rate environment in the marketplace, yields of cash management products, like Local Government Investment Pools (LGIPs), tend to offer a yield advantage when compared to bank deposit accounts and some securities in the direct market. This is because some of the holdings in LGIP products have locked in higher rates and many of these pool securities won't mature until a later time. In contrast, some securities in the direct market, especially overnight securities and those with floating rates, track the Fed movements immediately. In a Fed rate cut environment, we believe the South Carolina LGIP will provide pool participants with a more attractive rate than they may be able to obtain on their own.

We appreciate your trust and partnership as we continue to strive toward providing our pool participants with the highest standard of financial stewardship in an evolving market environment.

LGIP AT A GLANCE

PORTFOLIO COMPOSITION (%) AS OF 9/30/24



SEPTEMBER 30, 2024

- Pool Balance: \$13,194,649,051.75
- LGIP Rate: 5.34%

LGIP PARTICIPANT BREAKDOWN

- 40 Counties
- 116 Municipalities
- 80 School Districts
- 79 Special Purpose Districts
- 17 Disability and Special Needs
- 10 Council of Government

HIGHLIGHTS

- LGIP is an investment mechanism administered by South Carolina's State Treasurer to provide local governments an opportunity to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions.
- LGIP seeks to preserve capital through prudent management and sound investment policies. LGIP offers participants an investment option for operating capital consistent with their investment time horizons.

PORTFOLIO OVERVIEW AS OF 9/30/24

- Weighted Average Maturity: 38 Days
- Weighted Average Life: 73 Days

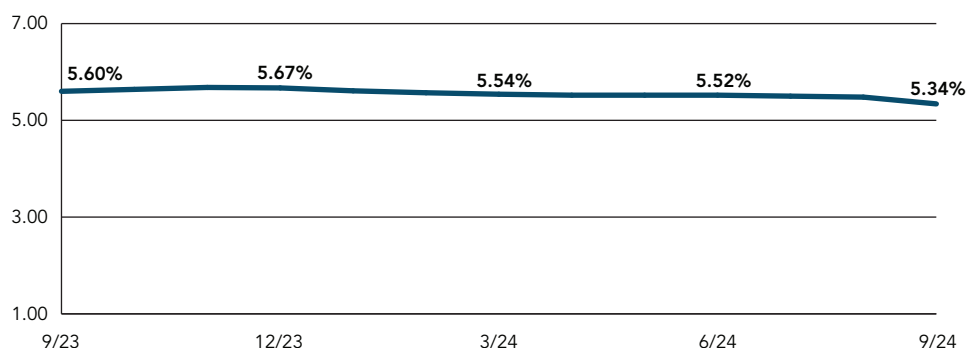
iPAS allows participants to stay up to date on account information, including transactions.

Visit the iPAS website here: <https://lgip.sc.gov/iPAS/login.ipas>

Visit the LGIP website here: <https://www.treasurer.sc.gov/what-we-do/for-governments/local-government-investment-pool>

LGIP MONTHLY RATE (%)

The high fed funds rate is holding the current plateau. The Pool continues to take advantage of these higher rates which is reflected in the monthly yield.



STAY VIGILANT AND SAFEGUARD YOUR FINANCIAL WELLBEING

Email phishing is a common form of cyber-attack where scammers attempt to lure you into clicking links, providing sensitive information, opening an attachment, or undertaking an action on behalf of the attacker.

COMMON FORMS OF PHISHING INCLUDE:

- **Spear Phishing:** Targeted at specific individuals or organizations, with the attacker often using research to incorporate personalized details to make the scam more convincing.
- **Whaling:** Aimed at high-profile individuals such as senior executives.
- **Business Email Compromise (BEC):** When a legitimate business partner's email account becomes compromised, and an attacker sends out emails from that account. While this may appear to be a trusted sender, these types of emails are difficult to block at our email gateway and often hard to detect by the recipient.

WATCH FOR THE RED FLAGS:

- **Suspicious sender:** Often, phishing emails come from addresses that mimic legitimate ones but with slight variations in spelling or characters.
- **Urgent language:** Phishing emails try to create a sense of urgency, claiming your account will be locked or payments are overdue.
- **Unusual requests or requests for sensitive information:** Emails will ask you to perform actions that are not routine, and often ask for sensitive information such as passwords, credit card details, or Social Security numbers.
- **Poor formatting, spelling and grammar:** Many phishing messages contain simple or poor formatting and spelling and grammar mistakes.

Stay vigilant and protect your financial security.

COMMENTARY

After staying in neutral for the first half of 2024, the Federal Reserve shifted into gear and hit the accelerator in the third quarter.

The reporting period opened with policymakers concerned they were holding interest rates too high but not worried enough to lower them. The caution stemmed from the pause earlier in the year in what had been inflation's orderly decline from four-decade highs in 2022. In its July meeting, the Federal Open Market Committee (FOMC) kept the fed funds target range at 5.25-5.5%, the level at which it had sat for a year. Chair Jerome Powell repeated the message that the Summary of Economic Projections (SEP) provided in June, namely that officials forecasted they would likely cut rates by a quarter percentage point by year-end. That prediction suggested they envisioned inflation would not only decrease again in a sustainable manner, but also that it would come close enough to the Fed's long-held target of 2% to declare victory. But Powell presented a twist: policymakers are now concerned more about the U.S. employment situation. "As the labor market has cooled and inflation has declined, the risks to achieving our employment and inflation goals continue to move into better balance." The Fed was finally seeing the other half of its mandate display the sort of weakness that typically would demand a cut. In other words, Powell had become concerned that further weakening in the labor market could precipitate a recession he believed avoidable.

With no FOMC meeting on the schedule in August, attention turned to Jackson Hole, Wyo., the site of the Fed's annual central bank symposium. In his keynote address, Powell indicated that he was troubled by the Labor Department's unexpectedly large downward revision of previous employment data, which could mean the economy weakened more than previously thought: "The time has come for policy to adjust." The clarity of this statement startled the markets, which entertained the notion that the first cut might not only come at the September FOMC meeting, but also be of the larger half-point variety. That proved true, as the first cut was 50 basis points, shifting the target range to 4.75-5%. But the new SEP did not suggest as much conviction to ease quickly as that big step implied. In its 'dot plot' members predicted they would only enact a quarter-point cut in each of the remaining meetings. Also, one of the voters dissented, the first by a governor since 2005.

The Fed continues to allow \$25 billion of Treasuries and \$35 billion of mortgage-backed securities to mature without replacing them and held the Reverse Repo Facility at a level 10 basis points above the fed funds lower bound.

At the end of the quarter, yields on 1-, 3-, 6- and 12-month U.S. Treasuries were 4.83%, 4.62%, 4.42% and 4.01%, respectively.

CONTACT INFORMATION

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If you have any questions about LGIP please email sto.lgip@sto.sc.gov

Portfolio composition is subject to change.

An investment in LGIP is not insured or guaranteed by any government or government agency.

For more complete information, see the investment policy and information statement at treasurer.sc.gov.